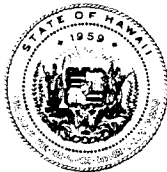


BENJAMIN J. CAYETANO
GOVERNOR

DIRECTOR'S OFFICE
DEPT. OF
TRANSPORTATION

FEB 17 8 01 AM '99



RAYMOND H. SATO

COMPTROLLER

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**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
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FEB 12 1999

COMPTROLLER'S MEMORANDUM NO. 1999-3

TO: Heads of Departments
ATTN: Payroll/Personnel Offices
SUBJECT: Personal Use of State-Owned Vehicles

This memorandum concerns the use by employees of State-owned vehicles to commute to and from work. With the need to have resources utilized in the most efficient and economical manner, we are again requesting that departments closely examine the use of State-owned vehicles by its employees.

As in prior years, the State of Hawaii has elected to use the "commuting valuation rule" allowed by IRS Regulation Section 1.61-21(f) to value the commuting use of a State-owned vehicle in 1999. Under the special valuation rule, commuting use of the vehicle is valued at \$1.50 per one-way commute; thus, the amount includible in compensation as a fringe benefit is \$3.00 for each round-trip commute, for a maximum of \$678 per year, or \$56.50 per month.

Also, as in prior years, the State of Hawaii has elected not to withhold income taxes on the computed fringe benefit amount. Social Security and Medicare taxes are required to be withheld.

Please furnish a copy of this memorandum to each employee in your department or agency who commutes in a State-owned vehicle. Employees who are provided a State-owned vehicle for commuting use in the future must be notified within 30 days after the fringe benefit has been provided.


RAYMOND H. SATO
State Comptroller